

Missouri Local Government Employees Retirement System

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Who we Are . . .



- **Non-Profit Public Pension System for Missouri's Local Government Employees**
- **Created by Missouri's General Assembly in 1967, RSMo 70.600 – 70.755**
- **Provide Defined Benefit retirement, disability, and survivor's Benefits**
- **Governed by a 7 member board of trustees:**
 - **3 elected Member Trustees**
 - **3 elected Employer Trustees**
 - **1 Citizen Trustee appointed by the Governor**
- **Legally separate and Fiscally independent of the State of Missouri**

Retirement Eligibility

Vesting = 5 years of Service Credit

Normal Retirement Age

General Employees	Age 60
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Police Officers & Fire Fighters	Age 55
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Early Retirement Age

Benefit Reduced $\frac{1}{2}$ of 1% for every month member is younger than normal retirement age.

General Employees	Age 55
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Police Officers & Fire Fighters	Age 50
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Rule of 80 /80 & Out

Member may Retire with no Reduction if his or her Age + Years of Service = 80

How all Members' Benefits are Calculated . . .

Benefit Factor

X

Final Average Salary

X

Years of Service Credit

=

Monthly Benefit for Life



City of Springfield LAGERS Benefits

Benefit Program: L-6 (2.00%)

Final Average Salary: 36 Month

Employee Contributions: Not Required

Retirement Eligibility: Regular / No Rule of 80

Final Average Salary

Average of the Highest . . .

36 Consecutive Months of Service Credit

Within the last 120 months of Service Credit under LAGERS



Final Average Salary

2008

\$

36,720

3 Year Final Average Salary

2007

36,000

\$108,000

36 Months

=

\$3,000

2006

35,280

2005

34,602

2004

33,923

2003

33,260

2002

32,606

2001

31,700

2000

31,100

1999

30,600

Benefit Program Examples

Assume \$2,500 FAS & 25 years service credit

- L-1** $1.00\% \times \$2,500 \times 25 = \625.00 per month
- L-3** $1.25\% \times \$2,500 \times 25 = \781.25 per month
- L-7** $1.50\% \times \$2,500 \times 25 = \937.50 per month
- L-12** $1.75\% \times \$2,500 \times 25 = \$1,093.75$ per month
- L-6** $2.00\% \times \$2,500 \times 25 = \$1,250.00$ per month

Benefit Program Examples

Assume \$2,500 FAS & 25 years service credit.

LT-4(65) $1.00\% \times \$2500 \times 25 = \625.00 Per month for Life
PLUS $1.00\% \times \$2500 \times 25 = \625.00 Per month to Age 65

LT-5(65) $1.25\% \times \$2500 \times 25 = \781.25 Per month for Life
PLUS $0.75\% \times \$2500 \times 25 = \468.75 Per Month to Age 65

LT-8 (65) $1.50\% \times \$2500 \times 25 = \937.50 Per month for Life
PLUS $0.50\% \times \$2500 \times 25 = \312.50 Per month to Age 65

LT-14 (65) $1.75\% \times \$2500 \times 25 = \$1,093.75$ Per month for Life
PLUS $0.25\% \times \$2500 \times 25 = \156.25 Per month to Age 65

Benefit Program Examples

Assume \$3,500 FAS & 25 years service credit

L-6 2.00% x \$3,500 x 25 = \$1,750.00 per month

L-11 2.50% x \$3,500 x 25 = \$2,187.50 per month

Disability & Survivor Benefits

➤ Non-Duty

Must be Vested
based on Service Credit to-date

Benefit

➤ Duty Related

Vesting is Immediate
Service Credit extended to age 60

- **RSMo 87.006 – Certain Diseases assumed incurred in Line of Duty**
Firemen that develop Heart or Lung Diseases
Passed a physical and within 5 years of Condition

* Temporary benefit (LT) not payable to disability or deferred retirements.

Post Retirement Increase

Retirees are eligible for an annual Post Retirement Increase

- 1. Payable October 1st**
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- 3. Contingent on CPI and financial experience of LAGERS**
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- 5. Given at the discretion of the board, Can not exceed 4%**

Funding the System

LAGERS Funding comes from 3 Sources:

- 1. Employer Contributions**
- 2. Employee Contributions** (if required)
- 3. Investment Return**



Employer Contributions

Employer Rate is Determined Annually by an Actuarial Valuation

Some of the Factors that Affect the Employer Rate are:

- **Benefit Programs Elected: Higher Benefits = Higher Cost to Employer**
- **Employee group characteristics:**
 - **Age, Salary, Service Credit, etc.**
- **Amount of Prior Service Elected: 100%, 75%, 50%, 25%**
- **Investment Return of LAGERS: 7.5% Benchmark**
- **Contributory or Non-Contributory**

All employer rates are re-evaluated and adjusted each year based on assumed vs. actual events.

Employee Contributions

Contributory

- All covered employees must contribute 4% gross salary
- Employee will never receive less than he/she contributed
- Employee Contributions are After-Tax
 - Reported as Gross Wages for Income Tax

Non-Contributory

- Employer makes all contributions to LAGERS
- Employees make no contributions
- Does not affect the amount of employee's benefit
- Cost employer additional 3.6% – 3.9%

LAGERS Solutions

1) New Hires Only

2) Current and Future Employees

- Prospective Service Only